

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)



THE HONOURABLE MR.

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WEDNESDAY, THE 27th

DAY OF JUNE, 2018

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Innovative Steam Technologies (the "Debtor") and IST Boiler Components Inc. for an order approving the transaction (the "Transaction") contemplated by the Asset Purchase Agreement (the "Sale Agreement") between the Receiver and Propak Systems Ltd. (the "Purchaser") dated June 14, 2018 and appended to the Second Report of the Receiver dated June 15, 2018 (the "Second Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Receiver, HSBC Bank Canada, the Purchaser, no one appearing for any other person on the

service list, although properly served as appears from the affidavit of Anastasia Markaroff sworn June 19, 2018 and the affidavit of Brendan O'Grady sworn June 22, 2018 filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Wilton-Siegel in this Action dated May 1, 2018; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule B hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the

sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. THIS COURT ORDERS that, notwithstanding:

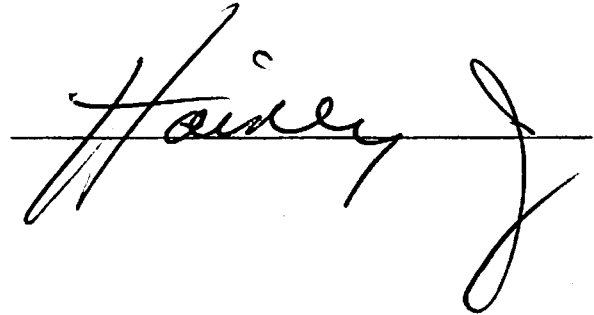
- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

8. THIS COURT ORDERS that any person, creditor or party who has or may make a Claim or has or may make or register an Encumbrance as against or with respect to the Purchased Assets (an "IST/Purchased Assets Claim"), is hereby enjoined and prohibited from registering any Encumbrance with respect to such IST/Purchased Assets Claim and from advancing such IST/Purchased Assets Claim, whether against the Purchaser or any third-party customer or purchaser of part or all of the Purchased Assets from the Purchaser (a "Customer") or against the property, estate or assets of the Purchaser or a Customer. This Court orders that any such Encumbrances filed or registered with respect to an IST/Purchased Assets Claim are hereby expunged and discharged as against the property, estate or assets of the Purchaser or a Customer.

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order, including assistance in enforcing the injunction ordered in paragraph 8 of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in black ink, appearing to read "Hainey", is written over a horizontal line. The signature is fluid and cursive.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 27 2018

PER / PAR:

Handwritten initials in black ink, possibly "pl", are written below the "PER / PAR:" label.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) _____, THE _____
JUSTICE)
) DAY OF _____, 2018

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice H. J. Wilton-Siegel of the Ontario Superior Court of Justice (the "**Court**") dated May 1, 2018, Deloitte Restructuring Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Innovative Steam Technologies Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated June 27, 2018, the Court approved the Asset Purchase Agreement (the "**Sale Agreement**") between the Receiver and Propak Systems Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming

(i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 11 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 11 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

DELOITTE RESTRUCTURING INC., in its capacity as Receiver of the undertaking, property and assets of INNOVATIVE STEAM TECHNOLOGIES and IST BOILER COMPONENTS INC., and not in its personal capacity

Per: _____
Name:
Title:

Schedule B – Claims

None

HSBC BANK CANADA
Applicant

-and-

INNOVATIVE STEAM TECHNOLOGIES INC. et al.
Respondents

Court File No. CV-18-596878-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER

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Lawyers for the Receiver, Deloitte Restructuring Inc.